



Committee Secretary  
Senate Standing Committees on Environment and Communications  
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Canberra ACT 2600

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To whom it may concern:

**NATIONAL CULTURAL POLICY – UPDATED SUBMISSION**

**Preamble**

Thank you for the opportunity to update our submission to the Senate Standing Committee on Environment and Communications regarding the National Cultural Policy (Revive). Symphony Services Australia (“SSA”) provides services to Australia’s six symphony orchestras (the Adelaide, Melbourne, Queensland, Sydney, Tasmanian and West Australian Symphony Orchestras), on whose behalf we make this submission. Together, these orchestras are known by the alliance name State Orchestra Six (“SO6”).

In 2024, the SO6 contributed a total of \$152.9 million in value (direct and indirect) to the national economy, employing 1,200 full-time equivalent employees. The SO6 support skilled labour and artist development, directly employing 760 full-time equivalent musicians. The State Orchestras are a significant piece of national cultural infrastructure which delivers across all National Cultural Policy pillars and provides an average return on government investment of 1.9 nationally.

Orchestras play a vital role in the cultural and social life of Australian communities. The SO6 are present and of service to the metropolitan, regional and remote communities of their states. Our contributions encompass education programs in schools and communities, training for emerging artists (musicians, conductors, composers) and the creation, performance, documentation and publishing of new Australian works. They play a critical role for other creative industries, particularly ballet, opera, film, documentary, gaming, broadcasting and live entertainment through the provision of orchestra services. We engage in recording, broadcasting, streaming, publishing and international touring, extending the reach of Australian creativity and Australia’s cultural brand equity around the world.

I draw your attention to the submission made by SSA to this standing committee in March 2023. That submission outlines our concerns and challenges and remains valid. We are taking this opportunity to respond to the Committee’s request for comments particularly regarding potential tax reform and ways to boost the productivity of Australia’s arts and creative sectors. The comments below were also provided to The Art of Tax Reform Summit, held in September 2025.

## Principles for tax reform

We support the principles of good tax policy: fairness, neutrality and economic efficiency, simplicity and integrity. These principles should apply consistently to the creative industries as they do to other sectors.

The creative industries, and orchestras in particular, face a unique set of challenges that warrant targeted policy responses. As not-for-profit organisations supported by public investment, orchestras create public value and support cultural equity for all Australians. Unlike commercial cultural enterprises, orchestras do not benefit from tax reforms designed for profit-driven organisations. We propose tax policy settings that reflect the financial drivers and objectives specific to the operating environment of not-for-profit subsidised performing arts organisations. Our position draws on **evidence-based reform models that have delivered measurable success** for orchestras in the United Kingdom, which has a comparable system to the one we propose.

We support the principle that the proposed tax reform should **complement and amplify existing funding mechanisms** and avoid adding administrative complexity or compliance burden for the beneficiaries of the incentives and government.

## Problems and outcomes

Although arts and cultural activities are the most participatory and sought after in the country, the scope of their providers' obligations to create public value across small geographically dispersed markets presents a challenging business model with structural vulnerability, even at the professional end of the sector.

The erosion of public investment in real terms over the last 25 years has been assuaged by material growth in total ticket inventory and sales, philanthropy, private investment and commercial income. Not-for-profit cultural organisations have been highly successful in revenue development but have hit the same headwinds as the rest of the economy including the surge in the inflationary environment (and cost impact) and high levels of price sensitivity which has prevented sharing cost increases with consumers. We are also acutely aware that continuous price escalation has unintended consequences for organisations commissioned to create value for all Australians.

While government investment in arts and culture as public goods needs to continue to evolve, it cannot solve these systemic issues alone. Failure to reckon with and address these issues imminently will have a profound and permanent impact on Australia's future cultural vibrancy.

Against this current backdrop is an evolving international landscape, where nations are actively seeking and implementing solutions for the same issues. Within the suite of initiatives being pursued are a range of strategies, including **incentivising investment in arts and culture through the tax system**. With capital being mobile, the absence of similar schemes in Australia will disadvantage Australian companies when it comes to attracting investment.

Creative policy solutions such as the LPPI incentive are essential to arrest the steady decline in real funding value for orchestras. The impact of this tax reform would be far-reaching, enabling more aggressive pursuit of National Cultural Policy goals, more ambitious productions and artistic collaborations, lower-risk innovation and product development, more regional, national and international touring and more investment in Australian talent through training and professional pathways – Australian 'star making'.

The introduction of this incentive would provide **much-needed parity for the live performance sector** relative to other creative industries. In 2025–26, federal expenditure on screen and digital games production incentives is forecast to exceed \$150 million, while no equivalent mechanism currently exists to support live

performance. A production offset for orchestras and the broader performing arts sector would ensure a more equitable and strategically aligned approach to cultural investment.<sup>1</sup>

### **Opportunities for tax reform**

SO6 supports LPA's proposal for the introduction of a **LPPI** for live performance organisations. Based on the experience in the UK, we believe this incentive would provide significant opportunity and benefits for Australia's symphony orchestras.

The proposal would see a 40% offset on qualifying production costs, applied as a rebate for not-for-profit tax-exempt organisations such as orchestras. This provision is known as a refundable tax offset in the *Income Tax Assessment Act 1997*.

The incentive would be delivered through the tax system as a rebate on production expenses. This follows the precedent set by the Australian Screen Production Incentive (implemented in 2007) and the digital games offset introduced in 2023 (Divisions 376 and 378 of the *Income Tax Assessment Act 1997* respectively). These incentives and concessions have successfully stimulated investment and offset production costs and are proven to work.

We draw attention to the **United Kingdom's Orchestra Tax Relief [OTR] scheme, which provides a compelling international precedent.**

The OTR scheme allows orchestras to claim production costs such as venue hire, artist fees and rehearsal costs, allowing them to re-invest in new events and projects. OTR focuses on providing an incentive to not-for-profit ensembles via a rebate on expenses already incurred. It has been groundbreaking for professional orchestras in the UK and likely to provide similar benefit if introduced in Australia.

Acting as a rebate on expenses incurred in the creation of new works, staged presentations and touring, this reform would inject investment into orchestras for the creation and presentation of artistic product. Initiatives like this are vital in addressing the gradual erosion of public funding for orchestras. By easing financial constraints, this proposal will incentivise ambitious responses to National Cultural Policy goals, support innovation and entrepreneurialism by buffering start-up risk, promote meaningful artistic partnerships, training and star making, and expand touring capability. It would also create additional financial capability for nurturing the next generation of Australian artists and developing uniquely Australian musical works.

A LPPI would assist in the problems facing the Australian orchestra sector discussed in our response above, namely the challenged financial model and the increasing policy demands being placed on them by Governments.

### **Impact of tax reform**

In 2024, when the UK government made its OTR scheme permanent and set its rate at 45%, the Philharmonia Orchestra commented that the decision "enable(s) the continuation and development of projects that would not be possible without OTR... we can now plan with greater confidence to deliver **the most exciting orchestral performances and learning and community activities up and down the country**".

A thriving arts and cultural sector inevitably contributes to an increased visitor economy. In addition, thriving cultural organisations increase individual and community well-being, social connection, community cohesion, educational outcomes and healthy ageing. Orchestras make our cities and regions more attractive for living and working and more likely to attract economic investment.

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<sup>1</sup> Live Performance Australia

When advocating to the UK government for the OTR to be permanently implemented, the Association of British Orchestras [ABO] noted that “The permanent 45% OTR rate is transformative, enabling our sector to remain ambitious, building new audiences, creating positive social impact for local communities, supporting new productions, generating employment and developing future talent” and “the higher rate of OTR has been invaluable to UK orchestras and has meant that activity has been viable in a way that would not have been possible with the previous lower rates”. One UK orchestra was able to triple its investment in the work that achieves social purpose, while others were able to maintain regional touring programs that were otherwise going to be downsized or even cancelled<sup>2</sup>.

### **Alternatives to tax**

In the absence of a review of the National Performing Arts Partnership Framework which delivers a significant increase in overall funding, there are no obvious alternative approaches.

The suggested tax changes should not be seen as an alternative to the existing funding models, rather a complementary improvement that establishes a multi-faceted solution to the unique challenges and problems being encountered within the arts sector. It offers a practical mechanism to support sustainability, enable growth and encourage artistic ambition in a resource-constrained environment.

### **Conclusion**

Modelling by LPA has demonstrated that **a 40% incentive for live theatre would be revenue positive** for the government through increased economic activity, returning **\$1.26** in tax revenue for every dollar in tax foregone through the incentive. And being activity driven, the incentive is only paid on actual expenditure in new productions. Similar schemes both in Australia and the UK suggest that the program could be easily implemented and efficiently administered through the Australian Taxation Office.

The OTR in the United Kingdom has seen increased VAT revenue collected by government on ticket sales, plus increased spending by audiences on secondary items such as food, drink and travel, increased earnings for musicians and stage crew, and increased export income from overseas touring, broadcasts and recording contracts. OTR has allowed orchestras in the UK to diversify their income sources, leveraging and securing other key types of funding. It has led to workplace development including investing in new inclusive recruitment practices and training.<sup>3</sup>

This proposed reform presents a significant opportunity with far-reaching implications. We appreciate the chance to bring these issues, challenges and potential solutions to the attention of the Standing Committee on Environment and Communications, and welcome the opportunity to elaborate on any aspect of this submission if required.

Yours sincerely,

**Kate Lidbetter**  
Chief Executive Officer  
Symphony Services Australia

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<sup>2</sup> Association of British Orchestras, Representation to the October 2024 budget, UK

<sup>3</sup> Association of British Orchestras, Representation to the October 2024 budget, UK